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ABSTRACT

Oil, gas, and agriculture are the bases of rural Oklahoma's economy, and income from these sectors varied widely during the 1980s. This study investigated revenue sources and the effects of changing revenues for county and town governments and school systems in 36 rural Oklahoma counties. Major sources of local revenue were sales taxes, property taxes, and charges for services. State revenues transferred to local institutions came mainly from sales taxes, income taxes, gross production taxes on oil and gas, excise taxes on motor fuels, and license fees. Federal revenue was a relatively small part of total revenues. Town governments received about 85% of their revenues from local sources. Residents in 21 of 36 sample towns raised their sales tax rates between 1981 and 1986. County governments received 40-50% of their revenues from local sources. Counties without a sales tax relied heavily on state revenue sources and were vulnerable to their fluctuations. State funds, subject to fluctuations, provided about 60% of the operating revenue for public schools. Interviews with 8 county, 12 city and 12 school administrators in 8 case study counties revealed that revenues did increase ahead of inflation in most cases. However, only two schools had added programs and teachers during the 5 year period, and eight had fewer teachers in 1986 than in 1981. Nine towns had reduced employee numbers, and others were using up reserve funds to maintain programs. Most counties had reduced employees, salaries, or programs. This report contains 11 references and 21 data tables. (SV)

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Funding for Local Government and Schools in Rural Oklahoma

Gordon Sloggett
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FUNDING FOR LOCAL GOVERNMENT AND SCHOOLS IN RURAL OKLAHOMA. By Gordon Sloggett and Gerald Doeksen. Agriculture and Rural Economy Division, Economic Research Service, U.S. Department of Agriculture. ERS Staff Report No. AGES880129.

ABSTRACT

The economy of rural Oklahoma is based on oil, gas, and agriculture, and income from these sectors of the economy has varied widely during the 1980's. Revenue for tax-supported local government and school systems in rural areas is vulnerable to those same fluctuations. This study reviews the sources and level of revenue for cities, counties, and schools in 36 rural Oklahoma counties from 1981 to 1986 and compares revenue with inflation. In most cases, revenues kept up with, or exceeded, inflation during the study period. Exceptions were a general decline in Federal sources of revenue and an increase in county revenue from the State at less than the inflation rate.

Keywords: Revenue, local government, schools.

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SUMMARY

During the early 1980's, Oklahoma's economy soared with high oil and gas production and prices and rising farm income. But, by 1986, oil and gas prices had declined by two-thirds, agricultural income had fallen significantly, and the overall economy had slipped into decline. Tax revenues followed the general increases and declines in the economy.

Rural Oklahoma, and particularly its tax-supported institutions in rural areas, is more susceptible to fluctuations in the oil, gas, and agricultural sectors of the economy than urban manufacturing and government centers. This study reviews what happened to revenues and operations of rural institutions—city and county governments and school systems—and how administrators of those institutions dealt with their particular revenue situation.

Revenue for cities, counties, and schools comes from local, State, and Federal sources. The major sources of local revenue are sales and property taxes and charges for services. State revenues in Oklahoma that are transferred to local institutions come mainly from sales and income taxes, gross production taxes on oil and gas, excise taxes on motor fuels, and license fees. The price of oil and gas and the health of the Oklahoma economy have a significant effect on these revenues. Federal revenue makes up a relatively small part of total revenues for cities, counties, and schools. Federal revenue in the form of revenue sharing makes up a major portion of Federal revenues for cities and counties. Revenue sharing, already on the decline, was discontinued after FY 1987.

City governments in Oklahoma towns of under 5,000 people receive about 85 percent of their revenue from local sources. Thus, city residents have control over a large part of their municipal budget. Sales taxes, a major component of local revenue, increased by 65 percent from 1981 to 1986. Twenty-one of the 36 sample cities in this study increased their rate of sales tax during that period, so most of the local revenue increase was due to an increased tax rate and inflation rather than increased economic activity. City residents control sales tax rates. In many of the sample cities, the residents' answer to fiscal problems was to raise sales taxes.

Rural county government in Oklahoma receives only 40 to 50 percent of its revenue from local sources. Local sources were usually fixed by the State legislature with little flexibility given to county residents to increase local revenue. Recent legislation allowed county residents to vote on a local sales tax. Those few counties that passed a sales tax were able to increase their local share of total county revenue. However, counties without a sales tax rely more heavily on State sources of revenue and are more vulnerable to fluctuations in State revenue sources.

Rural schools in Oklahoma received less than 30 percent of their revenue from local sources. The law limits jurisdictions in the amount of local revenue that may be raised for school operations. No limit exists on local revenues for building construction, but these funds may not be used for operating schools. State funds, subject to fluctuations, provide about 60 percent of the operating revenue for public schools, and local patrons have little influence on this source of revenue.

Case study interviews with 8 county, 12 city, and 12 school administrators revealed that even though revenues did increase ahead of inflation in most cases, all was not well in rural Oklahoma. Case study schools were probably better off than cities and counties, but only 2 of the 12 schools visited were able to add programs and teachers. Eight of the 12 schools had fewer teachers in 1986 than in 1981. Nine cities had reduced employee numbers, and others were using up reserve funds to maintain services. Five of the eight counties had been forced to reduce employees, and four had reduced programs. In two counties, salaries were reduced for one year, and in another county, some employees were laid off for six months.

None of the case study cities, counties, and schools, however, appeared to be in crisis. Two of the school districts that had aggressive administrators with long tenure appeared to do better than others in most aspects of education. Some cities that had voted in enough additional revenue and also had apparent good management were maintaining services and keeping buildings and streets in good repair. Counties in southwestern and northeastern Oklahoma were able to increase revenues at a rate much ahead of inflation. School officials did not foresee major problems with the declining role of Federal revenue in the total revenue picture.

Funding for Local Government and Schools in Rural Oklahoma

Gordon Sloggett
Gerald Doeksen

INTRODUCTION

The economy of Oklahoma has experienced some severe changes during the 1980's. Soaring oil prices and a healthy agricultural industry in the early 1980's provided a bright outlook, albeit short-lived. Crude oil prices declined from a high of $35 per barrel in 1981 to under $15 per barrel in 1986 (4), and net farm income declined from $631 million in 1982 to an estimated $436 million in 1986 (5).[1] A significant part of the taxes used to support government and education in Oklahoma are based on the price of crude oil and income-sensitive sales and income taxes.

From 1980 through 1986, local government and school officials had to adjust their budgets to absorb declines in some sources of revenue. This report shows how revenue for city and county government and school districts in rural areas of Oklahoma have changed during FY 1981-86 and discusses how local leaders have adjusted services in response to changes in revenue. The objectives of this report are to:

1. Describe and analyze sources of revenue for counties, cities, and school systems.
2. Review revenue data for selected counties, cities, and schools during FY 1981-86.
3. Describe what changes counties, cities, and school systems have made regarding programs, services, employment, and capital improvements.

PROCEDURE

To study the effects of changing revenues, we chose a sample of 36 rural counties, nine in each quadrant of the State divided by Interstate Highways 35 and 40. We selected the counties based on a study that classified the economic structure of all U.S. counties (1). This study defines rural counties as those whose major source of income came from agriculture or mining (oil and gas in Oklahoma), or where a high degree of poverty existed, or where there was a great diversity of income. Counties whose income was dependent on manufacturing or government, or who had a significant population of retirees, were not included in the study. We designated nine counties as rural in the southwestern quadrant of the State. More than nine rural counties populated each of the remaining quadrants. We selected nine sample counties in the three remaining quadrants through a random procedure.

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[1]Underlined numbers in parentheses cite sources listed in the References section.

Selected revenue data for FY 1981-86 were collected from secondary sources for county and city governments and school systems in the 36 sample counties. We determined the relative importance of the various sources of revenue and changes in revenues during the 1980's.

We selected eight case study counties, two from each quadrant, from the sample to determine and study the decisions made, or actions taken, in response to changes in revenue during the 1980s. The case study counties, selected with the advice of Area Rural Development Specialists employed by Oklahoma State University, represented a cross-section of economic conditions within the 36 sample counties.

Officials from the eight case study county government organizations were interviewed. We also interviewed 12 community and school district officials, evenly distributed among the eight case study counties. The interviews focused on specific changes in programs, services, employment, and capital improvements.

Distinguishing between nominal and real values over time is important. Nominal values prevail at a given time. Real values are adjusted for the rate of inflation. For example, nominal and real values are illustrated as follows:

	First year	Second year
Revenues received:		
Nominal value	$100	$105
Real value (10-percent inflation)	$100	$110

Although the nominal value increased from $100 to $105, real values would require $110 to purchase the same goods and services in the second year that were bought in the first year for $100 if the inflation rate were 10 percent. Revenue data over time for counties-cities-schools are usually reported in nominal values. The real value of those revenues must be considered in the analysis of the data.

The Federal Council of Economic Advisors estimates inflation for several different sectors of the U.S. economy (3). One of its inflation estimates is for State and local government purchases of goods and services. During 1981-86, the rate of inflation for State and local government purchases was 29.4 percent. If counties, cities, and schools purchased the same amount of goods and services in 1986 as they did in 1981, they would need 29.4 percent more income. So, the 1981 income must be multiplied by 1.294 to maintain the same level of purchasing power.

SOURCES OF REVENUE

Understanding various sources of funding for counties, cities, and schools helps assess why revenues from these sources have changed. Although we do not include every source of revenue in this discussion, we consider all the major sources of revenue for operating counties, cities, and schools.

Sources of revenue can be either direct or indirect. Direct sources of revenue, such as a city sales tax, are collected within a jurisdiction and used in that jurisdiction. Indirect sources of revenue come from broad-based taxes allocated partially, or in full, back to individual jurisdictions, such as Oklahoma's tax on gasoline. A portion of that revenue goes back to cities and counties for work on roads and streets.

The distinction between direct and indirect sources of revenue is important because the constituents of counties, cities, and schools can usually influence the level of direct revenue. The constituents, through a vote or through their elected officials, can change a direct revenue, but it is much more difficult to influence indirect revenue sources.

Ad Valorem Taxes

Income, sales and excise taxes, license fees, and charges for services are easily understood sources of revenue. An *ad valorem* tax on property is a common source of revenue that is not so easily understood.

Ad valorem taxation of property in Oklahoma involves market values, assessed values, and millage (11). The county assessor appraises property to determine its market value and, by law, re-appraises all property every 5 years. Market value for determining property tax in Oklahoma is defined as value in its current use, sometimes called use value. The assessor then places the property on the tax rolls at 9-15 percent of its market value, which is called assessed value. Millage is the rate of taxation as it is applied to the assessed value. A mill is equal to one-tenth of a cent or $1 per $1,000 of assessed value. Thus, if a piece of property is appraised at $100,000 market value with an assessment rate of 10 percent, its assessed value is $10,000. If the millage rate were 50, the *ad valorem* tax would be $500 (0.05 x $10,000). The State Constitution established maximum millage rates for specific purposes for cities, counties, and schools. Some flexibility is allowed at the local level up to the maximum rate. An exception is for funding school building construction.

A summary of assessed property value for the 36 Oklahoma counties indicates a 41-percent increase in assessed value from 1981 to 1986 (table 1). The nine southwestern sample counties had the largest increase in assessed property values, 49 percent. The southeastern region had the smallest increase, 17 percent. One reason for the increase in assessed values is that county assessors must re-appraise all property every 5 years.

Table 1—Assessed value of property for 36 sample Oklahoma counties, FY 1981-86

Area	1981	1982	1983	1984	1985	1986	Change, 1981-86
			Million dollars				Percent
Northwest	499	532	600	603	625	684	37
Southwest	333	365	430	510	480	495	49
Northeast	347	371	422	435	458	501	44
Southeast	389	359	405	421	432	453	17
Total	1,568	1,627	1,857	1,969	1,995	2,213	41

If 1981 total assessed value for the 36 sample counties had increased at the rate of inflation, 1986 assessed value would have been slightly more than $2 billion (1981 value x 1.294), compared in real terms, with the 1986 nominal assessed value of over $2.1 billion. Thus, county assessors as a whole have succeeded in providing a property tax base that has kept up with, or ahead of, inflation since 1981. Only in the southeastern region have assessed values not kept pace with inflation.

Gross Production Tax

Oklahoma levies a gross production tax (GPT) on oil, gas, and coal production. The tax is based on a percentage of the production. Cities do not directly receive any revenue from the GPT. Counties and schools, however, each get 7.14 percent of the GPT (table 2). The amount received by schools and county government is directly proportional to the amount of oil, gas, and mineral production within the county. Counties without oil, gas, or coal production do not receive any GPT. The northeastern sample counties and schools receive the least, while the southwestern counties receive the largest amount of GPT revenue.

Table 2—Gross production tax distributed to counties and schools in 36 sample counties in Oklahoma, FY 1981-86 1/

Area	1981	1982	1983	1984	1985	1986	Change, 1981-86
			Million dollars				Percent
Northwest	6.6	7.9	7.2	7.6	8.1	6.5	-2
Southwest	4.8	7.9	10.1	8.9	8.9	7.2	50
Northeast	.9	1.3	1.1	1.1	1.4	1.4	56
Southeast	4.9	5.8	5.0	4.9	4.7	4.1	-20

1/Counties and schools receive the same share of the total gross production tax on crude oil and well-head gas. The amounts shown are what county government and schools in the county each receive.

Source: Oklahoma Tax Commission, "State Payments to Local Government," FY 1981-86.

County Revenue

Revenue for county government comes from local, State, and Federal sources. The main source of local revenue is the *ad valorem* tax. The Oklahoma Constitution sets a 10-mill maximum levy on the assessed value of property within the county, which is used mostly to operate county offices. County residents may also vote to impose a tax levy on their property for county medical and health services, emergency medical services, solid waste disposal, libraries, construction and remodeling of county buildings, and support of industrial development. In most cases, constitutional law limits tax levies (2). Thus, county residents can vote on financing the type and level of selected county services they desire by adding to the basic 10-mill levy on their assessed property values.

Local *ad valorem* revenue increases during inflationary periods. County assessors also have some influence on the amount of *ad valorem* revenue by changing the assessment rate. The assessor has the authority to set the percentage within the 9-15-percent range. Thus, county residents and their elected assessor have some flexibility in the level of *ad valorem* taxes for county government.

A potential source of local revenue for county government is the sales tax. The Oklahoma legislature passed 1983 legislation allowing counties with under 300,000 people to impose up to a 2-percent sales tax beginning January 1, 1984 (9). The legislation provides additional flexibility in local sources of income for counties, but only 14 counties have passed a sales tax. Other local sources of income include fees collected by county officers for services provided and interest on money invested by the county treasurer.

County residents and their elected officials generally have some flexibility in deciding on the level of local revenue for county government. The same amount of flexibility is not possible for State sources of revenue for county government.

Most county revenue from State sources takes the form of dedicated revenue. Dedicated revenues are a portion of specific State taxes that are designated for transfer to the counties (8). The dedicated revenues may only be used for specific purposes, such as building county roads or operating county offices. Dedicated revenue only for county roads comes from a portion of State taxes on gasoline, diesel, special fuel, bus mileage, and commercial vehicle license fees. A portion of the county GPT goes to the county road fund. Dedicated State revenues for operating county government offices come from a portion of boat and motor licenses, aircraft licenses, and title fees. The nature of dedicated revenues limits how county officers or citizens influence the level or use of these funds.

Federal revenue sharing, while not the only source of Federal revenue, has been a major source for county government Federal income. Annual data on other Federal revenue for counties were not available. Federal revenue sharing was originally intended to be used for capital investment, such as buildings, road building, and equipment, but regulations were changed to allow use for annual operating expenses. The Federal Revenue Sharing Program ended in FY 1987. Counties that have been using this revenue for operating expenses will need to reduce spending or find another source of revenue.

Sample County Data

Data on 1982 revenue for all 77 Oklahoma counties and counties with 50,000 people reveal some distinct differences between revenue sources among counties with larger and smaller populations (table 3). The U.S. Census of Governments is the source of this data, which are compiled every 5 years. Counties with less than 25,000 people receive 52 to 60 percent of their revenue from the State. The average State revenue for all counties is 34 percent. Thus, smaller counties have control over a smaller portion of their revenue, and only 8 of the 36 sample counties have more than 25,000 people (6).

Table 3--Source of revenue for all Oklahoma counties and counties with 50,000 population or less, FY 1982

Source	All counties	Population 25,000-50,000	10,000-24,999	Less than 10,000
		Million dollars		
General fund	268	78	30	16
	1/ (62)	(58)	(44)	(38)
Property tax	128	29	16	8
	(30)	(21)	(24)	(19)
Other 2/	140	49	14	8
	(32)	(37)	(20)	(19)
State	149	50	35	25
	(34)	(38)	(52)	(60)
Federal	18	5	3	1
	(4)	(4)	(4)	(2)
Total	435	133	68	42
	(100)	(100)	(100)	(100)

1/ Numbers in parentheses are percentages of total revenue.

2/ Other includes: fees, fines, and interest.

Source: U.S. Department of Commerce, Bureau of the Census, *Census of Governments, Finances of County Government,* Vol. 4, No. 3, 1982.

Property taxes provide a relatively small part of total county revenue, 30 percent for all counties but 19 percent for the smaller counties. Even the significant growth in property valuations during 1981-86 led to only small increases in total county income for the smaller counties (table 1).

Table 4 shows how revenue has changed, the relative share of total revenue, and how shares have changed. In terms of revenue from all sources included in this analysis, the sample counties in the northwest and the southeast have had only a 19-percent increase in total revenue and have not kept

Table 4—Selected revenue for 36 sample Oklahoma counties, FY 1981-86

Region	1981	1982	1983	1984	1985	1986	Change, 1981-86
	1,000 dollars						Percent
Northwest:							
General fund—							
Property tax	4,897	5,042	5,814	5,808	6,090	6,299	29
County clerk	655	763	725	748	771	950	45
Interest	967	1,672	1,725	1,672	1,510	1,126	16
Other	809	1,152	1,145	1,229	1,188	1,638	103
State road fund	15,757	16,673	16,606	18,113	19,455	17,790	13
Federal revenue sharing	773	804	722	632	696	559	-38
Total	23,858	26,106	26,737	28,202	29,710	28,362	19
Southwest:							
General fund—							
Property tax	3,241	3,568	4,104	4,348	4,630	4,747	47
County clerk	802	1,039	934	885	797	937	17
Interest	950	1,913	2,143	2,289	2,388	1,684	77
Other	823	1,073	1,129	1,352	1,667	2,882	250
State road fund	11,942	15,757	17,411	16,742	17,832	16,549	39
Federal revenue sharing	819	830	721	674	638	625	-31
Total	18,577	24,180	26,442	26,290	27,952	27,424	49
Northeast:							
General fund—							
Property taxes	3,403	3,634	4,031	4,122	4,416	4,960	46
County clerk	712	781	747	795	709	902	27
Interest	964	1,174	848	746	933	715	-35
Other	1,060	1,218	1,169	1,541	2,671	3,817	260
State road fund	6,573	7,398	6,882	7,286	8,341	8,539	30
Federal revenue sharing	936	925	722	718	703	604	-55
Total	13,648	15,130	14,399	15,208	17,773	19,537	43
Southeast:							
General fund—							
Property taxes	3,301	3,508	3,791	4,110	4,185	4,384	33
County clerk	705	801	733	806	792	961	36
Interest	867	1,371	1,119	1,100	1,113	1,030	19
Other	686	736	1,060	1,322	1,623	1,717	150
State road fund	10,707	11,864	11,066	11,384	11,981	11,616	9
Federal revenue sharing	1,111	1,135	1,289	1,229	1,108	924	-20
Total	17,377	19,415	19,058	19,951	20,802	20,632	19

Sources: Appendix tables 2, 3, 4, 5, 6, and 7.

up with the 29.4-percent inflation rate for fiscal years 1981-86. On the other hand, sample county revenue in the other two regions exceeded the inflation rate.

State road funds, earmarked for roads and nothing else, are by far the largest single revenue source for counties. Road fund increases fell below the rate of inflation in Oklahoma's northwest and southeast.

The major revenue components of State road funds are the fuel tax and GPT. Fuel taxes increased from 4 cents to 6 cents per gallon in 1984. Without that increase, the fall in GPT would have produced an even greater decline in State road funds for those counties that receive GPT revenues.

The good news for county revenue is in the money collected for the general fund to operate the county offices. Property tax collections were ahead of inflation in each of the four regions based on the increase in property valuations. County clerk collections were ahead of inflation in two regions, and almost even in the northeast and behind in the southwest. Interest on funds held by the county treasurer were ahead of inflation until interest rates began to fall in 1984. Other income for the general fund experienced dramatic increases during the study period. One of the components of other income that contributed to the increase was county sales taxes. County sales taxes have been adopted by 7 of the 36 sample counties.

Relative Shares

Local sources of county revenue generally have done very well in light of inflation, while State and Federal sources of funds have not. Figure 1 shows changes in individual revenue sources in relation to total county income.

Although property taxes rose significantly during the study period, the property tax share of county income sources included in this analysis has remained nearly constant, from about 17 percent in the southwest to about 25 percent in the northeast. Thus, property taxes have not become a more important source of revenue for counties. Most property-tax payers may not be aware of the relatively small part property taxes play in total county government finance. They are very aware of their property-tax bill but probably not so aware of the other sources of county revenue.

Revenue from the county clerk's office has maintained its share of county income, 3-5 percent. Interest income fluctuated during the study period but was about the same in 1986 as in 1981. The big gain in share of county revenue was the other category.

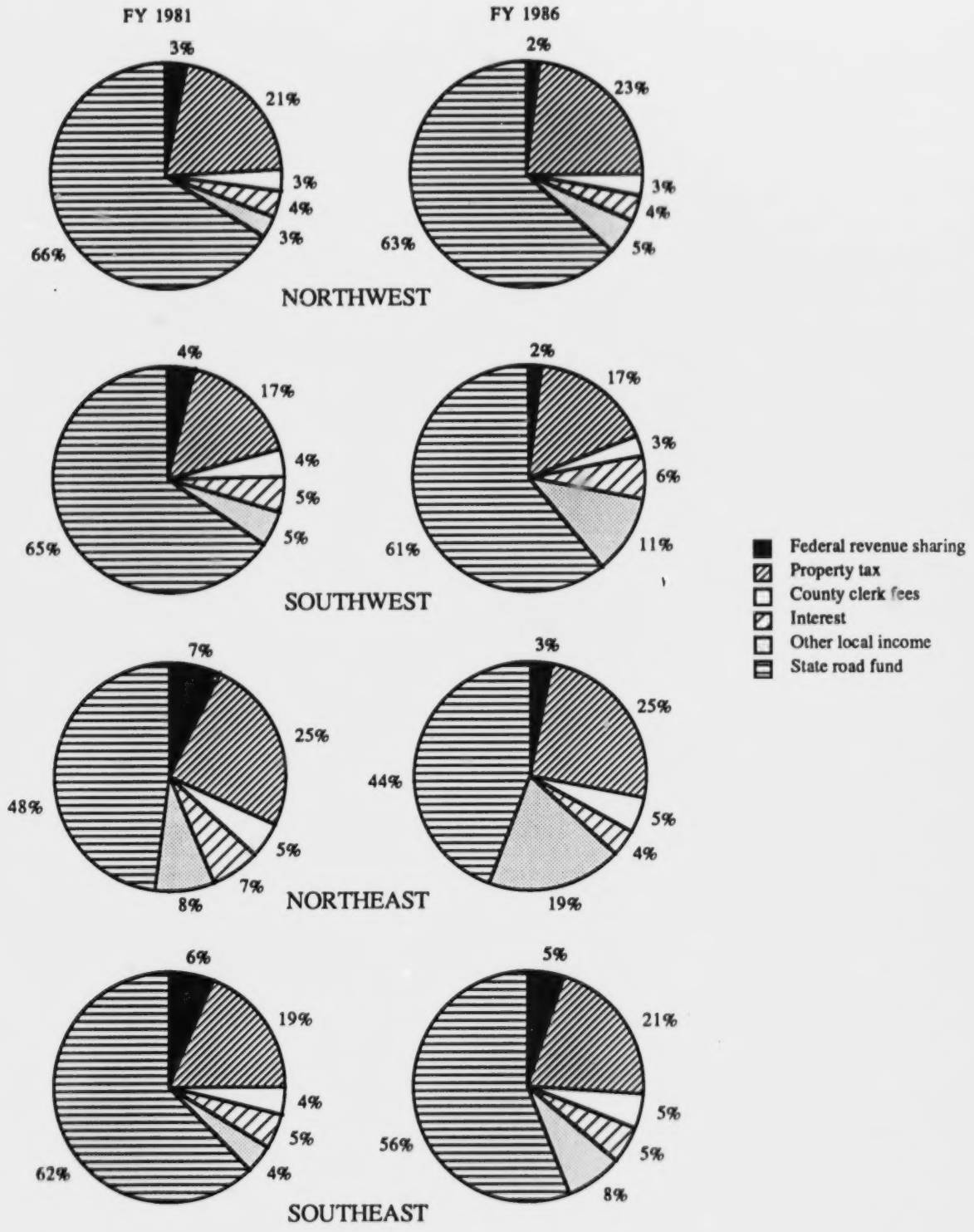
State road funds were the largest single source of county revenues in 1986, from 44 percent in the northeast to 63 percent in the northwest. But, State road funds declined in share of county revenue in all four regions. Figure 1 indicates that the State road fund share decline was offset by increases in other local revenues. Thus, the overall major change in county revenue shares during the study period has been an increased share for local funding and declines in State and Federal shares. Federal revenue sharing, which declined, is a major component of Federal revenue for counties.

City Revenue

Cities in Oklahoma receive revenue from local, State, and Federal sources. Local revenue for cities may come from: sales and property taxes, fees for services and licenses, fines, and charges for such utilities as water, gas, and electricity.

The State legislature authorized city sales taxes in 1966, and they have become a major source of general operating revenue. Property taxes may be levied by a city government to pay for constructing or remodeling city buildings and constructing or remodeling city utilities. City residents vote on city sales and property taxes and, usually through elected representatives, have the power to set fees, fines, and charges. Thus, much flexibility exists in changing local city revenue sources.

Figure 1—County revenue in relative shares for 36 Oklahoma counties, FY 1981 and FY 1986



State revenue for cities is limited to dedicated State revenue. Cities get a portion of the State gasoline, alcoholic beverage, and bus mileage taxes and part of the commercial vehicle license fees (8). Cities do not get any of the GPT. Revenue sharing has been a major source of Federal funds for small Oklahoma cities. City residents have very little influence on changing revenue sharing or State dedicated revenues.

A look at revenues in Oklahoma for all cities and cities under 25,000 people will be useful in understanding the relative shares of city revenue sources. Between 85 and 90 percent of all city revenues come from local sources, 50 cities have local control over a very large part of their revenue (table 5). About 30 percent of total city revenue came from a sales tax. Sales taxes in cities under 5,000 people were slightly less, with utilities and miscellaneous charges providing 30 and 22 percent, respectively. State revenue for cities was slightly higher for cities under 5,000 people, and Federal revenue was about the same as for all cities. But revenue from both of these sources represented a relatively small part of total city revenues.

Table 5—Sources of revenue for all Oklahoma municipalities and those under 50,000 people, FY 1982

Source	All counties	Population 10,000-49,999	Population 5,000-9,999	Population Less than 5,000
		Million dollars		
Local	1,065	138	105	115
	1/ (87)	(89)	(90)	(85)
Sales tax	407	52	35	42
	(33)	(33)	(30)	(31)
Utilities 2/	217	37	36	41
	(18)	(24)	(31)	(30)
Charges and miscellaneous 3/	441	49	34	32
	(36)	(32)	(29)	(24)
State	32	4	4	8
	(3)	(3)	(3)	(6)
Federal	117	2	8	12
	(10)	(8)	(7)	(9)
Total	1,214	154	117	135
	(100)	(100)	(100)	(100)

1/ Numbers in parentheses are percentages of total revenue.

2/ Gas, water, and electricity.

3/ Sewer, garbage, fees, fines, licenses, and interest.

Source: U.S. Department of Commerce, Bureau of Census, *Census of Government, Finances of Municipalities and Township Governments*, Vol. 4, No. 4, 1982.

Secondary data on all city revenues, except sales taxes, are not published on an annual basis, unlike data for counties. An analysis of secondary data for city revenue during 1981-86 in the 36-county sample area is limited to city sales taxes. We included only county seat towns in the sales tax data analysis to reduce the volume of data manipulation. These data do, however, show what has been happening in cities in the sample counties. And what has happened is a significant increase in sales taxes during 1981-86, from 63 percent in the southwest to 72 percent in the

Table 6—Sales tax receipts for county seat towns in 36 rural Oklahoma counties, FY 1981-86 1/

Region	1981	1982	1983	1984	1985	1986	Change, 1981-86
	- - - - - - - - - 1,000 dollars - - - - - - - - -						Percent
Northwest	9,524	11,284	14,318	15,792	16,496	15,642	64
Southwest	4,963	6,141	6,287	6,705	8,089	7,785	63
Northeast	4,181	5,087	5,360	6,360	7,327	7,182	72
Southeast	9,154	11,770	12,128	14,092	15,046	15,275	67
Total	27,822	34,252	38,093	42,949	46,958	45,844	65

Source: Appendix table 8.

northeast sample counties (table 6). The increase in sales taxes is primarily the result of higher sales tax rates.

A total of 21 of the 36 sample county seat towns increased their sales tax rates. The northeast had the most county seat towns with an increase and the largest percentage increase in sales taxes, shown as follows.

	County seat towns with increase, 1981-86	
	Number	Percent of tax increase
Northwest	5	24
Southwest	5	24
Northeast	7	33
Southeast	4	19
Total	21	100

Sales tax changes have been widely used to increase revenues for city operations and have kept sales tax revenues far ahead of inflation. However, sales tax revenue fell in all regions between 1985 and 1986 (table 6). None of the county seat towns in any of the 36 sample counties changed sales tax rates in 1986. The decline in sales tax revenue is a result of a decline in Oklahoma's economic activity.

State revenue transferred to cities comes from portions of the State alcoholic beverage, bus mileage, and gasoline taxes and vehicle license fees. This revenue represents a small but important part of the total city revenues in Oklahoma (table 7). City residents have little direct influence on the level of this revenue. Some increases have occurred during the study period. Gasoline taxes increased in 1984, and vehicle license fees increased in 1985. These changes somewhat reflect State revenue transferred to cities and towns in the 36 sample counties. While State revenues for cities are higher in three and less in one of the study regions, the increases failed to keep up with inflation.

Revenue sharing was a major source of Federal revenue for cities. Annual data on other Federal sources of revenue were not available. Those cities that will suffer are those that used the money for general operations rather than for capital items. Those communities that used the money for operations will need to come up with alternative sources of revenue.

School Revenue

Revenue to operate school systems in Oklahoma also comes from local, State, and Federal sources. Property tax is the major source of local funds. Statutes allow 39 mills (35 mills for each school district and 4 mills countywide) for the general operation of schools (3). While there is some flexibility to go below the statutory limit, most school district patrons have voted to be taxed

Table 7—State payments to cities and towns in 36 sample Oklahoma counties, FY 1981-86

Region	1981	1982	1983	1984	1985	1986	Change, 1981-86
			1,000 dollars				Percent
Northwest	1,279	1,471	1,229	1,345	1,495	1,413	11
Southwest	1,142	1,347	1,152	1,245	1,383	1,377	21
Northeast	1,236	1,474	1,288	1,377	1,522	1,142	-8
Southeast	1,281	1,531	1,325	1,427	1,576	1,341	5
Total	4,938	5,823	4,994	5,394	5,976	5,273	7

Source: Oklahoma Tax Commission, *State Payments to Local Governments*, annual reports, 1981-86.

at the maximum. An additional five mills is allowed by statute for constructing buildings, remodeling and repairing buildings, and purchasing furniture. Most school district patrons have also voted to be at this maximum millage rate.

The above 44 mills are State statutory limits for school operations, maintenance, and construction. In addition, individual school district patrons may vote to sell bonds for constructing buildings, repairing and remodeling, purchasing furniture, and paying judgments. These funds may not be used for operating expenses. The millage levy required to pay off the bonds is added to the 44-mill statutory limit. This additional tax revenue is placed in a sinking fund to pay off the bonds. The millage for the sinking fund is limited only by school patrons' willingness to tax themselves. Typical sinking fund levies are in the 5- to 25-mill range with many below 15 mills and a few above 25 mills. Some school districts have no sinking fund levy.

Aside from voting to increase the sinking fund levy, individual school districts may not increase revenue by increasing their taxes beyond the 44-mill limit. Thus, unlike city and county residents, school patrons do not have much flexibility in adjusting local operating revenues in times of financial stress. They may vote to reduce their mill levy somewhat, but this is seldom done. One way to increase local and county property tax income for school operation is to increase the assessed value of property, which has happened in the 36 sample counties (table 1). Property valuation increased in the sample counties from $1.6 billion in FY 1981 to $2.2 billion in FY 1986. The increase in valuation allowed the property tax base for school revenue to stay ahead of inflation during the study period.

State revenue for schools is classified as either dedicated or appropriated. Dedicated revenues come from taxes that are either all or partially earmarked for education, collected by the State, and distributed to the schools at a rate specified by State statute. Appropriated revenues come from other State taxes and go into the State general fund to be partially appropriated to individual schools by the legislature based on a specified formula (7).

State-dedicated revenues for schools come from a portion of the GPT on oil and gas, motor vehicle licenses and stamps, motor and boat licenses, a mobile home tax, school land earnings, and a tax on miles of electrical lines within the school district. All of these taxes are relatively stable, except for the GPT.

Federal funds for schools are nearly all earmarked for specific uses, such as the school lunch program, special education, adult education, and Indian education. These funds may not be used at the discretion of the school system.

Sample School Districts Data

The main feature of the sample public school revenue data shows an increase of 54 percent in total revenue between 1981 and 1986, well beyond the 29.4 percent needed to keep up with inflation (table 8). A large part of the State increase in funding occurred between 1981 and 1983 and then declined from the 1983 level before going up again in 1986. Local revenue increased rather steadily over the study period, reflecting increased assessed property values (table 1). Federal revenue for all Oklahoma schools increased by only 5 percent, well below the rate of inflation.

Table 8—Revenue for all Oklahoma schools, FY 1981-86 1/

Source	1981	1982	1983	1984	1985	1986	Change, 1981-86
	Million dollars						Percent
Local	310	344	384	410	451	467	51
State	649	812	932	906	915	1,056	62
Dedicated	139	177	195	207	212	214	54
Appropriated	510	635	737	699	703	841	65
Federal	93	86	94	90	98	98	5
Total	1,052	1,242	1,410	1,406	1,464	1,622	54

1/ Does not include revenues for the building fund or revenue for debt service.

Source: Oklahoma Department of Education, *Annual Report*, FY 1981-86.

Appropriated State revenue increased 3 percent while dedicated State revenue maintained a steady 13-percent share of total school revenue (fig. 2). The local share of school funding remained at about 29 percent. The Federal share of school funding in Oklahoma fell from 9 percent to 6 percent during the study period. Thus, increases in State-appropriated revenue offset the decline in Federal revenue for public schools in Oklahoma.

A review of school revenues for the 36 sample counties reveals trends in funding similar to all schools in Oklahoma but with some significant regional differences (table 9). Local revenue increases in the northwest sample counties did not keep up with inflation. Also, total revenue for those schools, while slightly ahead of inflation, increased more slowly than in other regions of the State. Local revenue increases in the southeast, while ahead of inflation, increased much more slowly than in the southwest and the northeast.

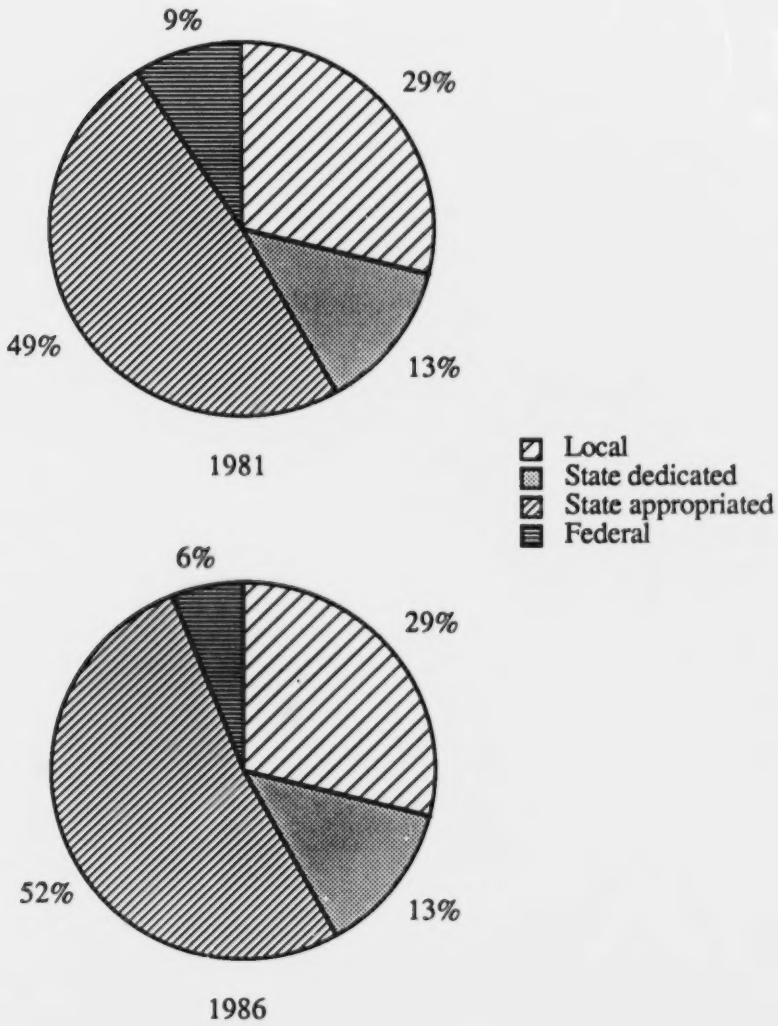
While it may appear that the sample counties in the northwest were not as supportive of the schools as other parts of the State because of a smaller rate of increase in revenue from 1981 to 1986, such is not the case. Total revenues per student for sample county schools were as follows:

	1981	1986
Northwest	$3,200	$4,200
Southwest	2,000	3,500
Northeast	2,000	3,200
Southeast	2,100	3,400

Per student spending for schools in the northwestern counties was more than per student spending in counties in other regions in 1981 and 1986.

Some significant regional differences occurred among the 36 sample counties in the rate of change in State funds received for public schools during 1981-86 (table 9). Again, the northwest received

Figure 2—Revenue in relative shares for all Oklahoma schools, FY 1981-86



less of an increase, 40 percent, than the other regions. But, the gap between the regions narrowed considerably during the study period. Equalization of funding for public schools apparently spanned the 36 sample counties in this study when counties with lower per student revenue received larger increases in State funds.

Federal funding declined in three of the four regions, and inflation made the decline even more significant. Sample county schools in the northeast received a small increase in Federal funds, but they also were far behind funding needed to keep up with inflation.

Relative Shares

Figure 3 shows regional differences in the share of funding for public schools in the 36 sample counties. Most apparent is the large share of funding provided by local sources in the northwest compared with the northeast and southeast. The Federal share is also comparatively small in the northwest. Figure 3 also shows the growing State appropriation share of public school funding in

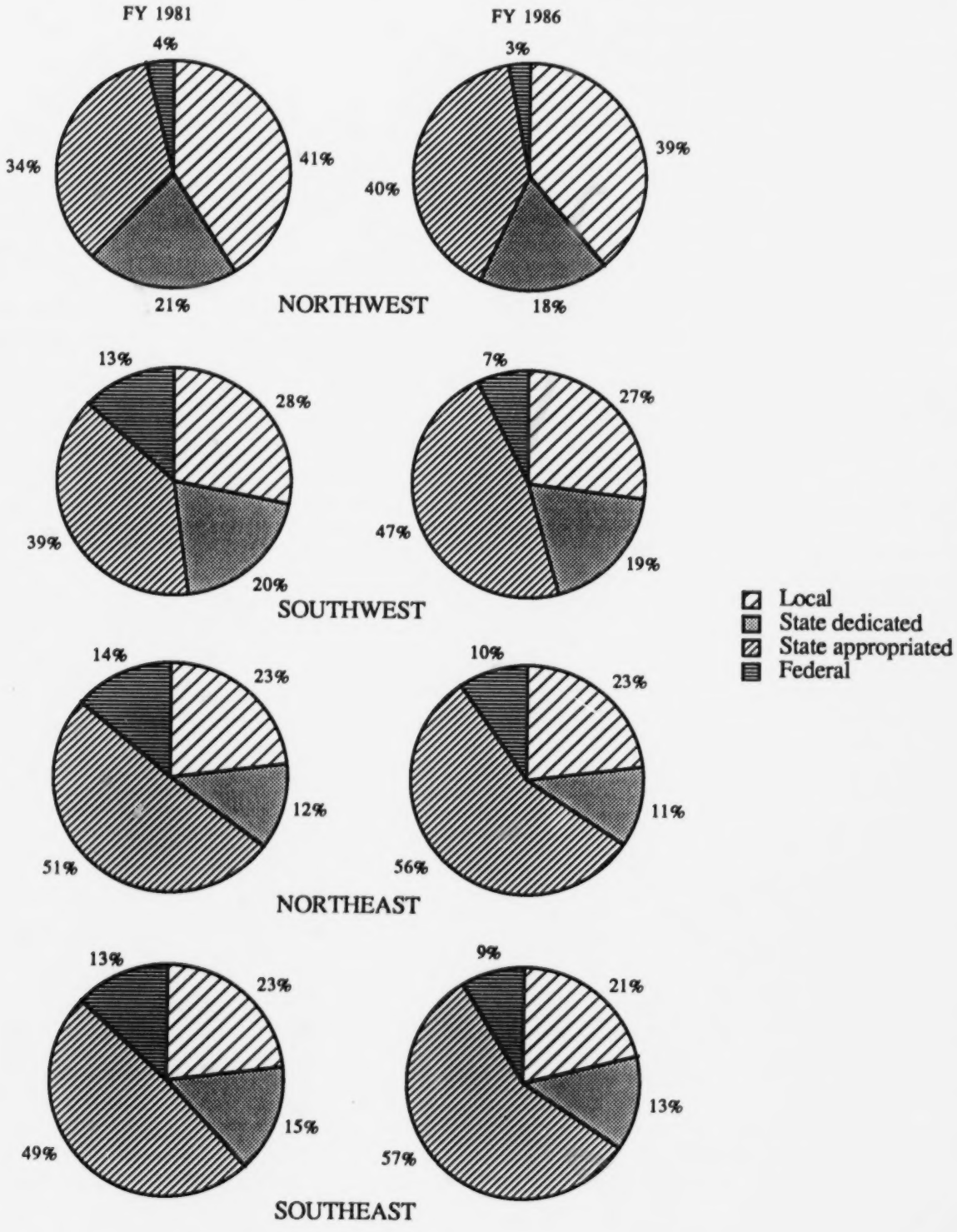
Table 9—Public school revenues for 36 sample counties in Oklahoma, FY 1981-86

Region	1981	1982	1983	1984	1985	1986	Change, 1981-86
	- - - - - - - -		1,000 dollars		- - - - - - - -		Percent
Northwest:							
Local 1/	24.7	27.3	29.5	30.0	30.5	30.9	25
State	32.7	39.9	43.7	42.2	42.7	45.9	40
Dedicated	12.7	15.5	15.2	16.1	15.5	14.2	12
Vehicle license	3.7	4.5	4.6	4.7	4.9	5.3	39
GPT	6.6	7.9	7.2	7.6	8.1	6.5	-2
Other	2.4	3.1	3.4	3.8	2.5	2.4	0
Appropriated	20.1	24.4	28.5	26.2	27.3	31.7	58
Federal	2.6	2.7	3.2	2.6	2.7	2.4	-8
Total	60.0	69.9	76.4	74.8	75.9	79.2	32
Southwest:							
Local	15.4	17.8	20.7	22.1	23.1	23.6	53
State	32.4	46.8	56.1	52.4	51.9	56.7	75
Dedicated	10.9	16.1	19.9	19.0	17.4	16.1	48
Vehicle license	3.6	4.6	5.0	4.8	4.9	5.5	53
GPT	4.8	7.9	10.1	8.9	8.9	7.2	50
Other	2.5	3.6	4.8	5.3	3.6	3.4	36
Appropriated	21.6	30.7	35.9	33.4	34.5	40.6	88
Federal	7.0	6.2	6.8	7.2	7.3	6.6	-6
Total	54.8	70.8	83.6	81.7	82.3	86.9	59
Northeast:							
Local	16.3	17.6	20.1	21.2	23.2	25.8	58
State	44.7	55.8	54.8	63.0	63.7	74.5	67
Dedicated	8.1	10.7	11.6	12.8	11.1	12.1	49
Vehicle license	4.5	5.2	5.6	5.9	6.3	7.0	49
GPT	.9	1.3	1.1	1.1	1.4	1.4	56
Other	2.7	4.2	4.9	5.8	3.4	3.7	37
Appropriated	36.6	45.1	53.3	49.1	52.6	62.4	71
Federal	10.3	9.2	10.8	9.9	11.9	11.5	12
Total	71.3	82.6	85.7	94.1	98.8	11.8	55
Southeast:							
Local	17.6	18.6	20.3	21.9	23.0	23.2	32
State	48.1	59.0	68.4	65.5	66.8	75.3	57
Dedicated	11.1	14.0	15.0	15.3	13.3	13.6	23
Vehicle license	3.9	4.7	4.9	5.1	5.4	6.4	64
GPT	4.9	5.8	5.0	4.9	4.7	4.1	-16
Other	2.3	3.5	5.1	5.3	3.2	3.1	87
Appropriated	37.2	45.0	53.4	50.2	53.5	61.7	75
Federal	10.3	9.4	10.7	9.6	10.1	10.0	-3
Total	76.0	87.0	99.4	97.0	99.9	08.5	48

1/ 90 percent property tax.

Sources: Appendix tables 9, 10, 11, 12.

Figure 3—Public school funding in relative shares from local, State, and Federal services, 36 sample Oklahoma counties, 1981-86



all regions. The share of nearly all other sources of funding declined (the local share stayed the same in the northeast) during the study period.

The share data signified the problem of indirect taxes and the lack of influence by local patrons on the level of taxes. Because statutes place a maximum limit on school-operating revenue that may be raised at the local level, local patrons become more dependent on State revenue to operate their schools. These patrons also become more vulnerable to economic conditions which affect those revenues because it is difficult to influence this source locally in times of fiscal stress.

CASE STUDIES

While it is possible to analyze and draw conclusions from aggregate data, sometimes different conclusions may be reached when individual situations included in the aggregate are studied. This happened when officials of cities, counties, and schools were interviewed. Of the 36 sample counties, 8 county commissioners, 12 city managers/mayors, and 12 school administrators were interviewed. Questions covered revenues, employment, programs, services, capital improvements, unique revenue sources or methods of providing services, and Federal revenue sharing.

While operating revenues have kept up with or exceeded inflation in several cases, employment and/or wages have been frozen or reduced, services and/or programs have been reduced or eliminated, and capital improvements have been delayed or otherwise hindered. Dwindling monetary reserves also meant inadequate maintenance of buildings in some cases.

The reported causes of inadequate revenues ranged from mandated changes in salaries, equipment, and buildings to higher than inflation changes in the cost of equipment, fringe benefits, and insurance. Another reported problem was the condition of the Oklahoma economy. Some local tax increases and bond issues have passed, but many have not passed or have not been attempted. In one community, three school bond elections have been defeated since 1980 where, to anyone's recollection, none had failed before.

We do not use specific names of jurisdictions to protect the confidentiality of those who so freely spoke of their problems and of their successes. The following discussion includes a general observation of overall financial condition and we summarize responses to the interview questions. Case studies do not necessarily represent the entire picture of the 36 sample cities, counties, and schools. The conditions we describe are simply what was observed during the course of the case studies.

Cities

Case study cities ranged in size from 400 to 7,000 people, with the number of employees ranging from 1 part-time and 1 full-time worker to nearly 100. The overall financial condition of the communities appeared to range from poor to very good. In one small community, the part-time city clerk provided all of her office equipment and the volunteer fire chief provided some of the fire department equipment. The town's property and liability insurance equaled nearly half of the sales tax revenue, the streets needed repair, but no money was available. City fathers had the foresight to earmark part of their city sales tax for capital improvements in a community of 2,500 people. Their city buildings, streets, sewers, and equipment are either new or in good shape, with services maintained. These are extreme examples of the conditions of the cities visited. The size of the community or its location in the State did not seem to affect financial conditions.

Revenue

All of the case study cities had sales taxes, ranging from 1 to 4 cents. Five of the 12 cities had raised their sales tax since 1980. Two others had voted down increases. All of the increased sales taxes had been earmarked to pay off bonds or to fund capital improvements. Some of the increases

covered limited time periods, and none of the additional sales taxes went to general funds. Several city administrators wanted additional sales taxes, but they felt voters would not approve them because of poor economic conditions or because the county had recently approved a sales tax and the city would not be able to do so also.

Elected representatives of the city generally have the authority to set fees and charges for city services. Charges for some, or all, city services and fees increased in every case study city since 1980. Increasing costs were the reason given for most of the higher charges. Higher costs had to pay for Federal- or State-mandated changes in sewer and water improvements in some cases and inflation in others. Charges increased in one case because the county could no longer afford to provide an annual subsidy for ambulance services.

One city annexed some additional land that included some successful businesses to increase sales tax revenue. The city was providing water, sewer, and fire protection services to them, so there was little opposition to the annexation. No other city reported any annexation for that purpose during the study period.

The few cities that carried a surplus dipped into it to maintain the level of services residents expected. Surpluses had declined by 70 percent in 6 years in one city, and by 25 percent in 2 years in another district. Most of the representatives of cities with dwindling monetary reserves indicated that, unless revenues increased, employees would be laid off and services would be reduced.

Employment

Salaries are a large part of most city budgets. Salaries often freeze and employee numbers decline when revenues get tight. Salaries were frozen in all of the case study cities at one time during the study period. One city had given only one raise since 1980. Employee numbers had fallen in 9 of 12 cities. Districts usually reduced employment numbers through retirements and resignations, and two cities had layoffs. One small community added an employee and purchased a garbage truck at less cost than the contract garbage hauler charged.

Two cities started city manager forms of government during the study period. One of the city managers resigned after 3 years and was not replaced. His duties reverted to the unpaid mayor. The other city manager retained his position after a referendum was voted down to revert to the mayor form of city government.

Cities did not reduce fringe benefits as a method of reducing payroll expenses. One city increased sick leave and vacation benefits in lieu of pay raises. All cities limited overtime only to emergencies and usually awarded compensatory time off rather than paying for overtime.

Capital Improvements

Every case study city had at least one major capital improvement during the study period. One small community in poor financial shape spent $8,000 to seal its sewage lagoon. The renovation was not successful, and the company that did the work went bankrupt. The community had used all its reserves on the project and was under pressure from the State Health Department to correct the problem. The community had not solved the problem at the time of the interview .

Some cities had better luck with capital improvements. The community that earmarked some sales taxes for capital improvement built a new city hall, library, and water storage facility and improved the sewer system, water lines, and airport, and repaved 3 miles of city streets with asphalt. No other city in the study had such an ambitious capital improvement program. Improvements in other cities included a swimming pool, tennis courts, fire station, community building, electrical distribution lines, sewer and water systems, and streets.

Capital improvements were financed in several ways. The most common method relied on sales taxes set aside in a reserve account or put into a sinking fund to pay off bonds. Other financing

methods included grants from various State and Federal agencies, general city revenues, and often a combination of them. City administrators reported 15 grants for library improvements, traffic lights, sewers, water systems, airport improvements, streets, health services, and recreational facilities.

One resident set up a trust fund for community improvements within the county. The city applied for and received funds from the trust for capital improvements. In another city, a person willed a ranch to the city, so proceeds from its sale could finance a community center.

Aside from the trust and the donated ranch, the only unique financing arrangement for capital improvements reported in the study cities was the sharing of labor and equipment between the county and the city. The usual situation was when the county supplied its equipment and trained personnel for city streetwork if the city would provide the material. This practice is more common in very small communities. However, in one larger community, the State was completing a major project. A city manager persuaded the State to supply the equipment and labor to do the work on the airport runway with the city providing the material.

A capital improvement for one case study city may turn into a liability. In the early 1970's, this growing community had an inadequate water supply. The city built a water supply lake to take care of immediate needs and agreed to help pay for part of a new, nearby large Federal reservoir and pipeline to supply future water needs. The agreement was that the city would not have to start paying for the project until 10 years after completion. But, the city's growth stopped, and the population declined. No customers exist to buy the additional water supplied by the Federal project. Payments will begin in the early 1990's at about $100,000, annually, and will balloon to $1,000,000 by the year 2000. The payments for the reservoir and pipeline must come from water customers the city does not have. The city's total budget is only about $5 million, so the payments would be a major portion of their budget, depending on inflation between now and 2000. No new sources of revenue have been initiated to raise the money needed to make the payments.

Revenue Sharing

Revenue sharing money was originally intended for equipment and capital improvements, not for everyday operations. Regulations were changed to allow revenue sharing support for some operating expenses. However, many city managers did not use it for operating expenses. Some of the case study cities did pay for operations out of revenue sharing. Those cities will have immediate problems because of the FY 1988 cutoff of funds. In some cases, the money had been used for salaries and maintenance. Most of the cities used the money only for capital items, but as one city manager pointed out, they became dependent on revenue sharing in the long run. City managers began to rely on the money to purchase equipment, but when the equipment wears out, they have no budget provisions to make those purchases.

One community had passed a sales tax increase to replace revenue sharing, but most communities had not come up with any replacement. Other communities that had used the money for operations anticipated layoffs and service reductions. Others did not know how it would affect them, but most said they would deal with the problem when it occurred.

Counties

We divided the eight case study counties equally among the quadrants of the State. Their overall financial condition ranged from desperate to very good. Counties, in general, were not in as good financial condition as cities because only four out of eight counties kept their total revenues—general and road funds—above the rate of inflation. In one county, the county clerk's and commissioner's offices needed repair. Tiles on the floor were loose and broken, and roof leaks had caused plaster to fall off the wall. Commissioners did not have the funds to make the necessary repairs. Another county had relatively new county offices that appeared to be in very good condition. These were the outward signs of the general financial condition of the case study counties. County locations did not seem to be a factor in financial condition.

Revenue

Three of the four counties that were able to keep their revenues ahead of inflation did so with the aid of a local sales tax. The fourth county had a significant increase in GPT revenue. Citizens voted down one county sales tax in 1984. Another county passed a sales tax in December 1986. Three of the four counties that have a sales tax have earmarked those revenues. The other county voted to let its commissioners decide how to use the money. All the county commissioners with a sales tax indicated they would be in severe financial distress if not for that source of revenue.

Property tax is the other major source of local revenue. All the case study counties increased property tax revenue under the State-mandated property revaluation. However, only two of eight counties kept those increases ahead of inflation. Two others had less than a 10-percent increase in property tax revenue during the study period. The county that needed office repairs failed to pass a sales tax. Only one county increased its mill levy but by only 0.5 mill for county health services. Several of the commissioners expressed concern over what might happen to property tax revenue as revaluation reflects the recent decline in property values in Oklahoma. None had been affected as of FY 1986.

County clerk fees and other local sources of revenue, except interest, generally increased during the study period. Four of the counties had interest income declines, mainly due to interest-rate falloff.

One county reported a new source of income, other than the sales tax. That county started charging rent to the State Department of Human Services and the U.S. Department of Agriculture's Agricultural Stabilization and Conservation Service for courthouse office space. The county also started charging cities for use of the county landfill.

The State provided nearly all of the revenue for county road construction and maintenance, and these funds increased in all of the case study counties. However, in all but one of the counties, the increase was below the rate of inflation, and if GPT revenue had not increased by over 50 percent in that county, inflation would have outpaced revenue. Two of the counties used part of their sales tax revenue for roads to overcome a lack of State funds. But, most of the commissioners expressed frustration in their lack of resources to maintain roads adequately. The one bright spot in State support for roads was a lease-purchase program for county road equipment sponsored by the Oklahoma Department of Transportation. Several commissioners indicated that if it were not for that program, their roads would be in much worse condition.

Programs and Services

Not all counties have been able to keep all their programs and services going. Two counties dropped their subsidy for the local ambulance service. Another county reduced its support for the OSU Extension Service, and one county completely dropped support for the county fair, fire service, and senior citizens center. Commissioners in other counties indicated that these areas and other services that may be deemed nonessential may be reduced unless revenues begin to increase.

Employment

None of the elected officials in any of the case study counties were receiving as much salary as was allowed by law. All counties had frozen salaries at some time during the study period and several had allowed only one raise since 1980. Two counties reduced salaries by $100 per month and $125 per month for all of 1984. Another county laid off all county deputies for 6 months in 1985. Five of the eight counties operated with fewer employees in 1986 than in 1980. Some counties laid off people, but most of the reductions came from not replacing people who retired or resigned. Several commissioners indicated that salary reductions and further employee reductions were very real possibilities in the near future. In only one county did fringe benefits reduce payroll expenses, and then, only a small reduction was made in retirement contributions.

Capital Improvements

All but one case study county had made some capital improvements during the study period. However, only three counties reported new construction—a jail, a maintenance facility for county equipment, and new fairground buildings. The rest of the capital improvements were major maintenance projects like new roofs, and additions to, or remodeling of, existing buildings. Federal and State safety and/or handicap requirements prompted several improvements. The State started a special building project in 1983 to finance bridge construction. Most of the counties have taken advantage of that program.

Capital improvements were financed from general revenue, bond issues, grants, revenue sharing, trust funds, and donations. The county with the new jail was the only one to use a bond issue. In one county, the State Department of Human Services paid for remodeling offices. The State Department of Economic and Community Affairs provided grants to two counties—one to help build the jail and one to remodel the courthouse. One county built several new buildings at their fairgrounds with money received from their local privately financed community development trust fund. Although the commissioners approved the new buildings, their maintenance, utilities, and insurance costs added to the county's fiscal problems.

Revenue Sharing

Counties have used revenue sharing money for operating a countywide landfill, capital improvements, salaries, travel, operating expenses, equipment, road repair, and subsidizing the county fair. All but two of the counties used the money for annual budget items that must now be reduced or cut out of future budgets. None of the counties had a specific plan to replace the loss in revenue. One commissioner indicated that the county would soon have two vacancies that they would not fill, and another felt that a recently passed sales tax would help fill the void. Others felt that they would have to lay people off and cut back on services. Others did not know what they would do.

Schools

A visit with 12 school administrators in all four quadrants of the State revealed that the schools in the study appear to be in better financial condition than county governments. Three of the schools visited, however, reached a peak in revenues during the study period and then began to decline. Only one of the schools did not keep up with inflation. Nonetheless, in some schools, teacher numbers were declining, school bus purchases were being delayed, bond issues were being defeated, and the number of support personnel was falling. Yet, most school administrators indicated that they had been able to maintain or even improve programs to increase the number of teachers.

Two of the schools seemed to stand out from the others in terms of physical plant, programs and curriculum, and positive attitude of the administrators. One of the schools is in a town of about 500 people, and the other has a population of about 3,000. Both schools are in the eastern half of the State. The smaller school used small bond issues to construct its buildings in stages over several years. The larger school did the same but used reserves saved up from its building fund levy in addition to bond issues. Both schools had added programs and teachers during the study period. Both administrators indicated that the main reason for their success was long-term planning. (One had been at his school for 23 years, the other 18 years.) The administrator in the larger school said that he had saved enough money by not having an assistant superintendent that he could construct a new building.

School administrators were fearful that schools would suffer because of Oklahoma's declining economy. Seventy percent of all school revenues come from the State. Some administrators felt recent budget proposals would be devastating for their schools. This report is concerned with what happened during 1981-86. We feel that the trends established then could affect fiscal years 1987 and 1988 with lower levels of funding for public schools in Oklahoma, and a much different picture of public education funding could emerge.

Revenues

Unlike cities, and to some extent counties, schools do not have statutory power to initiate new, or to increase existing, sources of operating revenues. Their patrons may vote to increase mill levies to pay off building bonds but not to increase revenue for operations. Changes in school operating revenues, limited to changes in property valuations and State and Federal support, are outside of direct influence by school patrons. All sources of revenue, except Federal, increased for case study schools during the study period. Only three schools received more Federal revenue in 1986 than in 1981, and Federal revenues in those schools were declining.

Only one of the case study schools' revenue failed to keep up with inflation. The main reasons for funding reductions were significant declines in GPT receipts and Federal revenues. This school had the lowest increase in local support of all the schools visited. Most administrators indicated that operating costs were rising faster than revenues.

State funds appropriated by the legislature increased by more than 50 percent in all of the schools, more than any other source of revenue during the study period. The peak year was fiscal year 1986 for State-appropriated funds in each of the schools. While increases had enhanced public education in Oklahoma, they also made the schools much more dependent on State funding, and hence, vulnerable to State budget problems. That is why school administrators expressed concern for the immediate future.

Schools must carry a significant amount of surplus funds to pay for salaries and maintenance from the end of the fiscal year until they begin receiving funds after school starts in the fall. Many schools try to build up additional surplus funds for major maintenance projects, building construction, and equipment purchases. Seven case study schools have had to use reserve funds for purposes other than what they were intended because operating revenues had not kept up with operating expenses. Administrators at three other schools that had not reduced surpluses for unintended purposes indicated that they would do so in fiscal year 1987. Administrators who had taken their surpluses down to critical levels had to cut programs and services and indicated that further cuts were necessary.

Two schools started foundations to accept donations for funding their schools. One had just begun receiving foundation donations, but the other school had used the foundation to help fund a computer class, drug education, and scholarships. One of the schools was also given $50,000 to buy computers for a class. Another school had an athletic booster club that bought all the equipment needed for all the athletic programs. No other schools reported any unique or significant fund-raising activities.

One of the case study schools experienced a large decline in property tax revenue when a local refinery closed. Several administrators pointed out the inequities of the current policy of placing large investments, such as a power plant, on the tax rolls of the school district where the plant is located. The administrators gave an example of a school with less than 200 students that had just completed a new school building with no indebtedness and still had several million dollars left over. This is an apparent tax distribution problem, especially when there are schools in the State with minimal programs and inadequate facilities.

Programs and Services

Several schools had added some teachers and classes in computers, science, and language. The language classes were added with the aid of the Oklahoma State University television station. In one area of the State, the local electrical power company purchased video-receiving equipment for all the schools in its service area so the schools could take advantage of the high school classes offered by Oklahoma State University.

No school reported dropping any classes, but some class sizes increased. The only cut in services was when one school had dropped a bus route. A change in services occurred when one school decided to contract out all of their regularly scheduled bus service, retaining only special-activity

bus services. The schools pay a flat mileage fee to a private party who owns and operates the buses, but the school maintains control over bus routes and scheduling. The administrator felt that this was less costly than operating the buses themselves, and he said it was one less administrative detail to detract from providing the very best education for their students.

Employment

The number of teachers declined in seven of the case study schools. Two schools laid off teachers. The other schools made the reductions through retirements or resignations. One school reduced its number of support personnel. Thus, eight schools operated with fewer employees in 1986 than in 1981 by increasing class sizes and increasing the workload of other teachers and administrators. One superintendent taught a science class. One high school principal position was abolished and his duties taken over by the superintendent and his assistant.

The State mandated a raise in teacher salaries in 1984. Teachers also received salary increments as they increased their education level and years of experience. Aside from salary increases, only four of the case study schools did not have some kind of wage freeze during the study period. One school maintained teacher numbers and lowered its payroll by having several teachers retire and replacing them with inexperienced, lower paid teachers.

None of the schools reported any reduction in fringe benefits to reduce payroll expenses. However, volunteers were used in one school to staff the library. In another school, a local person interested in theater was the volunteer drama teacher. Volunteer teacher aids were also used by one school, but other case study schools did not report the use of volunteer help.

Capital Improvements

All of the case study schools made some capital improvements during the study period. Four of them constructed new buildings; two of them were gyms. There were only two major additions to existing buildings. Most of the capital improvements were major repairs or remodeling. One school added air conditioning to its grade school building. Several schools utilized their maintenance personnel for construction and remodeling. Three schools had their carpentry classes do some remodeling work.

One school had three bond issues fail during the study period, but five others passed building bond issues. No other schools reported trying and failing. All of the schools had the 5-mill building fund levy, and all reported using those funds for capital improvements. Several schools had made major improvements from this source of revenue. One school constructed a new building with the prudent use of the 5-mill building fund levy.

Schools, limited to bond issues and the 5-mill building fund levy for financing capital improvements, had their bonding capacity limited to 10 percent of net property valuation. One administrator said that some school districts have very low valuations, so a bond issue would be too small to build much of a building. Major construction projects, therefore, would have to be completed with savings from the building fund levy with perhaps a supplemental bond issue.

Buses represent a large investment for most schools. In many western Oklahoma schools, a high percentage of the students ride buses to school, and transportation costs represent a large part of the budget. One administrator reported that long routes and poor roads require him to replace buses for safety reasons after 3 years of service. This administrator and two others indicated that they could not purchase replacement buses in 1986 without reducing their academic program. Rapidly rising bus costs since 1980 were cited by others as part of their fiscal problems.

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APPENDIX TABLES

Appendix table 1—Net valuations for 36 sample Oklahoma counties, FY 1981-86

Region and county	1981	1982	1983	1984	1985	1986
	Million dollars					
Northwest:						
Alfalfa	39.5	39.5	41.7	41.7	44.2	44.6
Beaver	59.4	62.3	65.7	63.5	64.7	68.3
Cimarron	25.2	25.5	25.5	25.8	25.6	25.7
Dewey	30.9	33.3	36.4	39.3	37.6	38.4
Ellis	27.0	28.0	30.1	29.5	32.7	33.2
Garfield	155.0	169.7	218.3	223.4	228.8	293.3
Grant	41.3	47.2	50.9	51.0	53.1	55.4
Texas	78.6	83.3	86.0	82.9	87.4	92.3
Woods	42.1	43.2	45.6	46.8	51.1	51.2
Total	499.0	532.0	600.2	603.9	625.2	702.4
Southwest:						
Beckham	44.1	49.3	74.3	93.3	92.0	91.8
Caddo	73.3	77.9	92.4	92.1	103.7	108.6
Cotton	15.8	16.4	17.3	17.0	17.4	19.0
Grady	70.4	80.4	91.6	95.9	100.6	106.9
Harmon	12.3	15.6	15.8	17.8	15.8	16.0
Jefferson	17.4	17.8	19.7	19.9	20.4	20.5
Kiowa	33.4	34.0	34.9	76.3	36.8	37.9
Tillman	34.0	35.3	35.7	41.9	35.4	35.7
Washita	32.2	38.0	48.1	56.0	57.7	58.2
Total	332.9	364.7	429.8	510.2	479.8	494.6
Northeast:						
Adair	13.6	14.2	16.5	18.2	19.5	20.8
Craig	30.4	31.0	34.5	35.2	35.5	38.9
Delaware	38.4	43.3	58.4	63.0	69.4	77.8
McIntosh	19.5	21.1	24.7	26.1	28.5	31.3
Nowata	21.4	22.7	25.4	26.2	26.4	27.2
Okfuskee	25.6	26.6	27.8	26.2	26.4	27.2
Okmulgee	51.8	56.8	61.7	61.6	64.3	72.9
Pawnee	31.3	37.2	42.6	42.6	42.9	47.8
Washington	115.1	118.5	130.7	135.6	144.6	156.7
Total	347.1	371.4	422.3	434.7	457.5	500.6
Southeast:						
Carter	73.4	79.8	87.4	92.3	102.0	112.1
Coal	16.2	19.8	20.7	29.4	27.6	27.0
Haskell	18.0	19.1	23.4	23.2	24.6	25.4
Hughes	26.9	27.5	29.3	28.3	28.9	32.2
Johnston	17.9	18.3	22.0	21.6	22.0	24.4
Latimer	18.1	18.5	21.0	20.5	23.6	23.7
McCurtain	46.6	50.7	57.7	65.3	62.8	63.9
Pontotoc	59.7	61.6	73.4	73.2	72.8	76.4
Seminole	62.1	63.7	69.7	67.0	67.7	67.8
Total	388.9	359.0	404.6	420.8	432.0	452.9

Source: Oklahoma Municipal Surveys, "Abstracts of General Funds of Oklahoma Counties," Oklahoma City, OK, FY 1981-85, and records from the State Auditors Office, State Capital, Oklahoma City, OK.

Appendix table 2—Total general fund collections for 36 sample Oklahoma counties, FY 1981-86

Region and county	1981	1982	1983	1984	1985	1986
			1,000 dollars			
Northwest:						
Alfalfa	614	670	676	651	848	831
Beaver	745	1,029	984	892	975	1,033
Cimarron	421	510	538	552	583	589
Dewey	516	649	731	784	741	755
Ellis	399	465	498	495	531	565
Garfield	2,343	2,629	3,140	3,402	3,163	3,406
Grant	487	617	650	650	706	729
Texas	1,160	1,293	1,441	1,311	1,251	1,323
Woods	643	767	751	720	761	782
Total	7,328	8,629	9,409	9,457	9,559	10,013
Southwest:						
Beckham	730	1,191	1,353	1,365	1,373	1,348
Caddo	1,463	1,540	1,718	1,949	2,055	1,768
Cotton	292	298	309	356	530	502
Grady	1,219	1,700	1,810	1,959	2,093	3,380
Harmon	200	282	263	273	356	361
Jefferson	303	393	417	441	444	394
Kiowa	517	556	624	632	656	693
Tillman	460	526	486	522	555	544
Washita	632	1,107	1,330	1,377	1,420	1,260
Total	5,816	7,593	8,310	8,874	9,482	10,250

Region and county	1981	1982	1983	1984	1985	1986
			1,000 dollars			
Northeast:						
Adair	343	375	410	408	405	470
Craig	533	587	535	545	1,134	1,310
Delaware	824	997	1,099	1,231	1,219	1,212
McIntosh	397	483	493	512	543	593
Nowata	380	427	387	433	722	756
Okfuskee	469	514	486	507	731	540
Okmulgee	835	918	934	1,009	1,279	2,764
Pawnee	527	688	627	689	806	792
Washington	1,831	1,818	1,824	1,870	1,887	1,957
Total	6,139	6,807	6,795	7,204	8,726	10,394
Southeast:						
Carter	1,342	1,707	1,687	1,963	1,924	2,108
Coal	234	290	304	403	381	406
Haskell	292	348	379	427	000	840
Hughes	408	461	465	448	492	547
Johnston	337	363	348	427	386	425
Latimer	387	407	429	440	446	446
McCurtain	847	801	920	1,040	1,035	1,067
Pontotoc	829	1,021	1,107	1,183	1,194	1,219
Seminole	883	1,018	1,064	1,034	1,011	1,034
Total	5,559	6,416	6,703	7,365	6,869	8,092

Source: Oklahoma Municipal Surveys, "Abstract of General Funds of Oklahoma Counties," Oklahoma City, OK., FY 1981-85, and records from the State Auditors Office, State Capital, Oklahoma City, OK.

Appendix table 3—State payments to counties for roads for 36 sample Oklahoma counties, FY 1981-86

Region and county	1981	1982	1983	1984	1985	1986
			1,000 dollars			
Northwest:						
Alfalfa	1,120	1,240	1,140	1,556	1,233	1,252
Beaver	2,417	1,365	2,536	2,952	3,434	3,001
Cimarron	1,288	1,425	1,300	1,400	1,555	1,550
Dewey	1,921	2,273	2,186	2,215	2,261	2,005
Ellis	1,176	1,413	1,256	1,434	1,637	1,564
Garfield	2,477	2,983	2,727	2,588	2,768	2,444
Grant	1,088	1,237	1,277	1,443	1,583	1,732
Texas	2,908	3,254	2,865	3,126	3,476	2,803
Woods	1,362	1,483	1,319	1,399	1,508	1,439
Total	15,757	16,673	16,606	18,113	19,455	17,790
Southwest:						
Beckham	1,636	2,388	2,245	2,339	2,784	2,594
Caddo	2,316	2,899	3,765	3,765	4,005	3,543
Cotton	628	676	648	676	758	773
Grady	3,295	3,960	3,971	4,034	4,184	3,980
Harmon	454	496	468	500	559	561
Jefferson	600	655	687	951	918	789
Kiowa	926	998	936	999	1,139	1,178
Tillman	844	906	841	886	1,013	1,032
Washita	1,243	2,779	3,850	2,592	2,472	2,099
Total	11,942	15,757	17,411	16,742	17,832	16,549

Region and county	1981	1982	1983	1984	1985	1986
			1,000 dollars			
Northeast:						
Adair	573	650	596	643	721	775
Craig	673	718	670	717	825	818
Delaware	745	854	823	882	1,004	1,036
McIntosh	621	692	652	713	831	915
Nowata	622	666	622	643	711	678
Okfuskee	727	806	806	804	898	905
Okmulgee	1,062	1,153	1,085	1,137	1,246	1,204
Pawnee	768	871	834	947	1,194	1,368
Washington	782	988	794	800	911	840
Total	6,573	7,398	6,882	7,286	8,341	8,539
Southeast:						
Carter	3,352	3,640	3,306	3,222	3,150	2,841
Coal	468	509	471	490	563	574
Haskell	753	852	869	920	1,015	964
Hughes	870	1,003	950	999	1,120	909
Johnston	448	506	475	508	579	597
Latimer	622	653	669	730	776	872
McCurtain	1,260	1,418	1,340	1,437	1,636	1,666
Pontotoc	1,551	1,767	1,599	1,651	1,630	1,606
Seminole	1,383	1,516	1,420	1,427	1,512	1,587
Total	10,707	11,864	11,099	11,384	11,981	11,616

Source: Oklahoma Tax Commission, "State Payments to Local Governments," annual report, FY 1981-86.

Appendix table 4—Federal revenue sharing for selected counties in Oklahoma, FY 1981-86

Region and county	1981	1982	1983	1984	1985	1986
	1,000 dollars					
Northwest:						
Alfalfa	102	96	68	62	67	48
Beaver	74	75	72	70	70	56
Cimarron	48	52	63	58	62	38
Dewey	64	78	68	43	47	46
Ellis	40	38	37	27	31	39
Garfield	232	229	208	157	209	188
Grant	84	83	53	55	66	40
Texas	96	97	104	101	98	70
Woods	33	56	49	50	46	34
Total	773	804	722	623	696	559
Southwest:						
Beckham	88	78	96	84	81	113
Caddo	175	190	140	136	116	109
Cotton	35	35	50	44	42	47
Grady	162	158	135	101	110	102
Harmon	34	35	27	31	40	22
Jefferson	64	66	67	64	64	49
Kiowa	102	100	84	94	71	80
Tillman	85	88	63	60	66	55
Washita	74	80	59	60	48	48
Total	819	830	721	674	638	625
Northeast:						
Adair	140	108	33	46	71	61
Craig	81	86	71	73	64	49
Delaware	175	172	119	142	148	123
McIntosh	68	72	60	63	60	52
Nowata	38	39	33	33	32	28
Okfuskee	140	138	98	93	75	69
Okmulgee	155	153	146	108	123	111
Pawnee	25	44	48	53	50	45
Washington	114	113	114	107	80	66
Total	936	925	722	718	703	604
Southeast:						
Carter	124	164	161	184	120	119
Coal	99	87	89	102	86	76
Haskell	94	102	68	75	78	75
Hughes	81	98	121	115	101	76
Johnston	89	67	60	62	56	41
Latimer	145	138	130	132	107	81
McCurtain	163	153	301	243	269	228
Pontotoc	123	152	152	131	134	102
Seminole	185	172	158	144	132	113
Total	1,103	1,133	1,240	1,188	1,083	911

Source: Federal Office of Revenue Sharing, Washington, D.C.

Appendix table 5—Property tax collections for selected county governments in Oklahoma, FY 1981-86

Region and county	1981	1982	1983	1984	1985	1986
			1,000 dollars			
Northwest:						
Alfalfa	393	210	411	406	437	431
Beaver	581	624	633	577	641	680
Cimarron	247	245	248	243	254	254
Dewey	308	329	358	378	372	380
Ellis	268	278	294	284	302	307
Garfield	1,506	1,641	2,083	2,165	2,199	2,294
Grant	407	465	502	501	523	542
Texas	768	819	834	799	854	903
Woods	419	431	451	455	508	508
Total	4,897	5,042	5,814	5,808	6,090	6,299
Southwest:						
Beckham	380	488	703	825	847	876
Caddo	720	764	883	890	999	1,040
Cotton	157	160	163	164	167	174
Grady	715	775	868	909	966	1,029
Harmon	122	154	155	154	155	153
Jefferson	167	171	190	192	195	192
Kiowa	330	336	340	361	362	369
Tillman	333	346	342	347	393	360
Washita	317	374	460	506	546	554
Total	3,241	3,568	4,104	4,348	4,630	4,747

Region and county	1981	1982	1983	1984	1985	1986
			1,000 dollars			
Northeast:						
Adair	127	140	159	163	169	186
Craig	296	302	317	323	334	362
Delaware	373	417	555	584	660	688
McIntosh	189	204	233	244	268	301
Nowata	207	219	242	239	244	256
Okfuskee	252	258	263	246	254	261
Okmulgee	501	544	571	590	663	695
Pawnee	307	365	407	406	417	432
Washington	1,151	1,185	1,284	1,327	1,407	1,509
Total	3,403	3,634	4,031	4,122	4,416	4,690
Southeast:						
Carter	722	781	800	894	988	1,083
Coal	160	196	202	287	273	266
Haskell	173	188	226	230	241	248
Hughes	261	267	277	261	275	304
Johnston	179	183	202	197	209	234
Latimer	156	160	181	187	220	219
McCurtain	451	494	530	696	610	624
Pontotoc	585	605	704	710	710	749
Seminole	614	634	669	648	654	657
Total	3,301	3,508	3,791	4,110	4,180	4,384

Source: County audit reports, State Auditors Office, Oklahoma City, OK.

Appendix table 6—County clerk collections for selected county governments in Oklahoma, FY 1981-86

Region and county	1981	1982	1983	1984	1985	1986
			1,000 dollars			
Northwest:						
Alfalfa	43	49	44	47	44	60
Beaver	54	73	74	80	94	124
Cimarron	24	26	26	29	30	40
Dewey	80	83	89	80	85	104
Ellis	59	68	55	59	60	71
Garfield	234	264	252	260	261	305
Grant	40	63	55	62	58	74
Texas	60	69	70	80	84	101
Woods	61	68	60	51	55	71
Total	655	763	725	748	771	950
Southwest:						
Beckham	131	183	151	126	117	129
Caddo	169	238	239	220	156	208
Cotton	26	32	30	31	30	34
Grady	221	276	249	251	246	285
Harmon	19	17	12	16	14	18
Jefferson	43	53	49	56	51	48
Kiowa	36	45	37	39	43	53
Tillman	33	38	31	31	32	43
Washita	124	157	136	115	108	119
Total	802	1,039	934	885	797	937

Region and county	1981	1982	1983	1984	1985	1986
			1,000 dollars			
Northeast:						
Adair	43	48	42	42	37	62
Craig	40	47	44	47	36	40
Delaware	94	114	107	130	121	155
McIntosh	55	69	77	78	64	84
Nowata	52	50	44	44	42	50
Okfuskee	86	87	85	85	68	92
Okmulgee	126	134	128	134	131	151
Pawnee	62	68	60	70	71	104
Washington	154	164	1,160	165	139	164
Total	712	781	1,747	795	709	902
Southeast:						
Carter	170	195	175	200	198	251
Coal	35	36	33	29	33	39
Haskell	40	50	48	42	44	59
Hughes	86	85	83	125	88	123
Johnston	31	27	28	31	33	38
Latimer	40	51	48	51	49	57
McCurtain	67	66	62	69	74	91
Pontotoc	114	133	128	124	119	131
Seminole	122	158	128	135	154	172
Total	705	801	733	806	792	961

Source: County audit reports, State Auditors Office, Oklahoma City, OK.

Appendix table 7—Interest income for selected counties in Oklahoma, FY 1981-86

Region and county	1981	1982	1983	1984	1985	1986
	1,000 dollars					
Northwest:						
Alfalfa	129	176	142	108	88	47
Beave	45	237	226	153	171	142
Cimarron	110	190	189	187	231	184
Dewey	38	147	197	220	188	132
Ellis	49	96	88	84	105	118
Garfield	242	319	343	441	376	247
Grant	4	21	20	36	24	17
Texas	212	264	343	305	188	117
Woods	138	222	177	138	139	122
Total	967	1,627	1,725	1,672	1,510	1,126
Southwest:						
Beckham	126	279	284	280	246	178
Caddo	236	340	351	379	332	137
Cotton	65	69	73	76	79	28
Grady	140	407	425	485	612	479
Harmon	43	79	66	70	63	62
Jefferson	59	101	93	101	110	66
Kiowa	102	126	185	159	169	145
Tillman	60	92	64	71	89	90
Washita	119	420	602	668	689	499
Total	950	1,913	2,143	2,289	2,389	1,684
Northeast:						
Adair	107	108	118	93	78	68
Craig	98	132	84	87	100	94
Delaware	201	291	237	271	208	126
McIntosh	18	48	32	38	27	25
Nowata	29	34	7	19	32	34
Okfuskee	90	116	88	111	146	110
Okmulgee	106	115	74	68	127	97
Pawnee	63	112	40	82	57	76
Washington	252	218	168	170	158	85
Total	964	1,174	848	939	933	715
Southeast:						
Carter	303	555	337	331	358	301
Coal	6	20	21	26	24	21
Haskell	1	7	12	20	25	33
Hughes	41	64	41	11	49	58
Johnston	76	80	48	43	39	30
Latimer	173	161	145	134	129	106
McCurtain	135	145	188	198	179	216
Pontotoc	62	193	163	215	208	153
Seminole	70	146	164	122	102	112
Total	867	1,371	1,119	1,100	1,113	1,030

Source: County audit regents, State Auditors Office, Oklahoma City, OK.

Appendix table 8—Sales tax receipts for selected county seat towns in Oklahoma, FY 1981-86

Region and city	1981	1982	1983	1984	1985	1986
	Million dollars					
Northwest:						
Cherokee	186	205	203	278	339	313
Beaver	149	204	205	208	240	203
Boise City	86	90	73	218	288	270
Taloga	36	53	52	48	52	50
Arnett	51	99	103	85	85	82
Enid	7,052	8,416	10,961	11,944	12,306	11,697
Medford	115	138	139	136	142	132
Guymon	1,105	1,237	1,271	1,285	1,433	1,367
Alva	744	842	1,291	1,590	1,611	1,528
Total	9,524	11,284	14,298	15,792	16,496	15,642
Southwest:						
Sayer	357	485	481	388	395	353
Anadarko	790	1,030	1,090	1,421	1,483	1,426
Walters	206	242	257	267	295	271
Chickasha	1,873	2,428	2,457	2,492	3,517	3,379
Hollis	182	191	190	199	212	207
Waurika	263	276	276	312	272	271
Hobart	439	504	520	589	766	757
Fredrick	469	496	515	524	521	526
Cordell	384	489	501	513	628	595
Total	4,963	6,141	6,287	6,705	8,089	7,785

Region and city	1981	1982	1983	1984	1985	1986
	Million dollars					
Northeast:						
Stillwell	386	429	413	451	482	509
Vinita	684	743	805	837	950	836
Jory	112	128	143	209	466	463
Eufaula	343	370	405	564	650	644
Nowata	528	526	482	767	712	670
Okemah	146	171	187	354	574	565
Okmulgee	1,443	2,051	2,356	2,408	2,583	2,580
Pawnee	225	260	261	371	452	450
Dewey	314	409	308	399	458	465
Total	4,181	5,087	5,360	6,360	7,327	7,182
Southeast:						
Ardmore	3,781	5,201	4,720	6,339	6,729	6,727
Coalgate	154	163	176	181	199	197
Stigler	384	461	474	489	522	480
Holdenville	538	594	593	641	895	865
Tishomingo	290	314	352	364	394	378
Wilburton	324	355	363	355	397	381
Idabel	884	943	981	1,016	1,059	1,053
Ada	2,436	3,352	4,027	4,147	4,670	4,601
Wewoka	363	387	442	560	602	593
Total	9,154	11,770	12,128	14,092	15,467	15,275

Source: Oklahoma Tax Commission, *Annual Report*, FY 1981-86.

Appendix table 9—Total funds for schools in 36 sample Oklahoma counties, FY 1981-86

Region and county	1981	1982	1983	1984	1985	1986
	1,000 dollars					
Northwest:						
Alfalfa	3,977	5,575	4,821	4,492	4,663	4,674
Beaver	5,343	6,090	6,443	6,517	7,098	7,055
Cimarron	2,364	3,681	2,754	2,706	2,800	2,934
Dewey	5,922	5,667	6,086	6,054	5,932	6,136
Ellis	2,938	3,383	3,852	3,779	3,821	4,000
Garfield	20,953	25,373	28,613	28,187	27,881	30,229
Grant	3,298	3,974	4,552	4,596	4,703	5,114
Texas	9,371	10,378	12,063	11,696	12,084	12,283
Woods	5,863	6,855	7,259	6,784	6,997	6,838
Total	60,029	70,976	76,443	74,811	75,979	79,263
Southwest:						
Beckham	7,103	9,518	11,561	11,770	11,390	11,950
Caddo	14,705	17,119	20,519	20,002	20,932	21,380
Cotton	2,409	2,888	3,095	3,088	2,988	3,533
Grady	14,799	17,632	20,000	19,761	20,352	21,967
Harmon	1,622	2,035	2,311	2,261	2,274	2,502
Jefferson	3,047	3,257	3,928	4,055	3,910	3,992
Kiowa	4,676	5,129	5,560	5,664	5,508	6,091
Tillman	4,794	5,573	6,103	5,952	6,300	6,661
Washita	4,702	7,674	10,507	9,173	8,646	8,835
Total	57,857	70,825	83,584	81,726	82,300	86,911

Region and county	1981	1982	1983	1984	1985	1986
	1,000 dollars					
Northeast:						
Adair	9,490	10,393	12,402	12,384	13,985	15,560
Craig	5,165	6,066	3,453	7,114	7,101	8,021
Delaware	9,585	11,090	6,944	12,901	13,483	15,487
McIntosh	5,566	6,642	7,903	8,048	8,304	9,554
Nowata	3,807	4,503	5,928	5,372	5,136	5,787
Okfuskee	5,386	5,938	6,901	6,487	6,675	7,351
Okmulgee	12,721	14,817	16,780	16,503	17,140	19,737
Pawnee	4,630	5,863	6,533	6,440	7,102	7,813
Washington	14,978	17,250	18,874	18,801	19,849	22,460
Total	71,328	82,562	85,718	94,050	98,775	111,770
Southeast:						
Carter	16,946	19,203	21,644	21,073	21,831	24,414
Coal	2,617	3,078	3,453	3,579	3,492	3,784
Haskell	4,300	4,896	5,873	5,509	5,755	6,118
Hughes	5,314	6,425	7,229	7,083	7,354	8,307
Johnston	3,808	4,422	5,272	5,277	5,692	6,469
Latimer	3,251	3,755	4,431	4,384	4,441	5,167
McCurtain	16,719	18,069	20,635	20,555	20,959	23,654
Pontotoc	11,207	13,661	15,403	14,927	15,243	17,600
Seminole	11,852	13,506	15,490	14,564	15,099	16,685
Total	76,014	87,015	99,430	96,951	99,866	112,198

Source: Oklahoma State Department of Education, *Annual Report*, FY 1981-86.

Appendix table 10—Local and county revenue for schools for 36 sample Oklahoma counties, FY 1981-86

Region and county	1981	1982	1983	1984	1985	1986
			1,000 dollars			
Northwest:						
Alfalfa	1,687	2,764	1,705	1,728	1,932	1,850
Beaver	2,331	2,553	2,566	2,435	2,592	2,854
Cimarron	1,021	1,108	1,045	1,035	1,125	1,090
Dewey	2,869	1,958	2,032	2,151	2,069	2,166
Ellis	1,162	1,276	1,415	1,386	1,413	1,451
Garfield	7,471	8,837	10,553	11,453	11,006	11,256
Grant	1,694	2,009	2,189	2,118	2,266	2,349
Texas	3,992	4,068	5,175	4,840	5,125	5,020
Woods	2,468	2,770	2,788	2,824	2,965	2,899
Total	24,695	27,343	29,468	29,970	30,493	30,935
Southwest:						
Beckham	1,869	2,344	3,444	3,813	3,910	3,894
Caddo	3,438	4,072	4,341	4,720	5,057	5,506
Cotton	697	729	798	830	759	819
Grady	3,587	4,293	4,714	5,171	5,584	5,507
Harmon	474	616	615	603	614	601
Jefferson	1,077	837	984	934	977	966
Kiowa	1,543	1,553	1,568	1,678	1,640	1,656
Tillman	1,417	1,495	1,543	1,637	1,764	1,737
Washita	1,323	1,850	2,705	2,753	2,778	2,934
Total	15,425	17,789	20,712	22,139	23,083	23,620
Northeast:						
Adair	1,000	1,017	1,042	1,275	1,515	1,939
Craig	1,457	1,562	1,763	2,001	2,017	2,087
Delaware	1,593	1,728	2,357	2,526	2,923	3,345
McIntosh	973	1,295	1,316	1,577	1,640	2,172
Nowata	975	1,111	1,979	1,423	1,388	1,516
Okfuskee	1,415	1,407	1,305	1,212	1,359	1,339
Okmulgee	2,411	2,441	2,795	3,344	3,482	4,175
Pawnee	1,137	1,420	1,621	1,628	2,026	1,932
Washington	5,300	5,622	5,953	6,238	6,844	7,257
Total	16,261	17,603	20,131	21,224	23,194	25,762
Southeast:						
Carter	3,839	4,263	4,317	4,710	5,479	5,620
Coal	722	928	961	1,311	1,245	1,220
Haskell	962	960	1,472	1,381	1,586	1,285
Hughes	1,211	1,307	1,347	1,428	1,509	1,597
Johnston	934	1,125	1,199	1,125	1,299	1,276
Latimer	761	836	987	982	1,015	1,008
McCurtain	3,539	2,879	2,935	3,664	3,485	3,618
Pontotoc	2,777	3,260	3,682	3,912	3,801	4,054
Seminole	2,807	3,062	3,446	3,376	3,549	3,528
Total	17,552	18,620	20,346	21,889	22,968	23,026

Source: Oklahoma State Department of Education, *Annual Report*, FY 1981-86.

Appendix table 11—State payments to schools in 36 sample Oklahoma counties, FY 1981-86 1/

Region and county	1981	1982	1983	1984	1985	1986
	1,000 dollars					
Northwest:						
Alfalfa	2,204	2,618	2,933	2,714	2,572	2,776
Beaver	2,970	3,520	3,828	4,025	4,373	4,005
Cimarron	1,192	1,405	1,555	1,503	1,517	1,658
Dewey	2,858	3,553	3,907	3,745	3,738	3,742
Ellis	1,628	2,030	2,347	2,315	2,363	2,458
Garfield	12,190	15,264	16,746	15,545	15,712	17,812
Grant	1,534	1,879	2,255	2,376	2,346	2,712
Texas	5,107	6,124	6,583	6,574	6,653	6,975
Woods	3,077	3,548	3,606	3,462	3,463	3,741
Total	32,760	39,941	43,760	42,259	42,737	45,879
Southwest:						
Beckham	4,703	6,614	7,794	7,477	7,124	7,653
Caddo	5,202	10,670	13,013	12,207	12,468	13,104
Cotton	1,540	1,910	2,069	2,014	1,990	2,495
Grady	10,204	12,457	14,096	13,701	13,852	15,409
Harmon	894	1,179	1,389	1,307	1,313	1,558
Jefferson	1,666	2,147	2,664	2,767	2,634	2,785
Kiowa	2,521	2,946	3,449	3,406	3,401	3,994
Tillman	2,638	3,361	3,856	3,684	3,769	4,257
Washita	3,093	5,592	7,406	5,841	5,356	5,446
Total	32,461	46,876	55,736	52,404	51,907	56,701

Region and county	1981	1982	1983	1984	1985	1986
	1,000 dollars					
Northeast:						
Adair	5,821	7,102	8,426	8,161	8,448	9,871
Craig	3,121	4,033	4,745	4,642	4,649	5,584
Delaware	6,206	7,728	8,973	8,644	8,739	9,988
McIntosh	3,453	4,410	5,387	5,184	5,280	6,034
Nowata	2,470	3,036	3,627	3,633	3,441	3,987
Okfuskee	2,954	3,717	4,636	3,463	4,305	5,083
Okmulgee	8,648	10,894	12,364	11,867	12,179	14,069
Pawnee	3,221	3,973	4,551	4,525	4,652	5,546
Washington	8,879	10,847	12,129	11,764	12,035	14,330
Total	44,775	55,740	64,838	61,883	63,728	74,492
Southeast:						
Carter	11,580	13,351	15,484	14,702	14,731	17,223
Coal	1,437	1,784	2,073	1,922	1,922	2,228
Haskell	2,739	3,444	3,822	3,680	3,730	4,374
Hughes	3,292	4,246	4,886	4,700	4,878	5,844
Johnston	2,346	2,854	3,520	3,466	3,660	4,461
Latimer	2,058	2,525	2,989	2,921	3,028	3,716
McCurtain	10,709	12,885	15,391	14,674	15,060	17,517
Pontotoc	7,019	9,061	10,279	9,917	10,054	11,971
Seminole	6,961	8,868	9,989	9,521	9,765	11,570
Total	48,141	59,018	68,433	65,503	66,828	78,904

1/ Includes dedicated and miscellaneous revenues and State aid.

Source: Oklahoma State Department of Education, *Annual Report*, FY 1981-86.

Appendix table 12—Federal aid to schools in 36 sample Oklahoma counties, FY 1981-86

Region and county	1981	1982	1983	1984	1985	1986
	1,000 dollars					
Northwest:						
Alfalfa	86	193	184	50	159	57
Beaver	43	16	48	58	132	146
Cimarron	151	167	154	168	158	186
Dewey	196	156	148	157	125	227
Ellis	147	76	90	78	44	90
Garfield	1,292	1,272	1,314	1,190	1,165	1,161
Grant	70	86	108	103	90	83
Texas	272	186	305	280	305	287
Woods	318	538	865	499	568	197
Total	2,575	2,690	3,216	2,583	2,746	2,434
Southwest:						
Beckham	531	561	323	480	356	403
Caddo	3,065	2,377	3,165	3,075	3,407	2,771
Cotton	172	249	228	244	238	219
Grady	1,008	883	852	889	916	1,052
Harmon	254	240	307	352	345	342
Jefferson	304	272	280	354	299	241
Kiowa	611	629	542	580	467	441
Tillman	738	717	704	632	766	667
Washita	287	232	396	578	511	455
Total	6,970	6,160	6,797	7,184	7,305	6,591

Region and county	1981	1982	1983	1984	1985	1986
	1,000 dollars					
Northeast:						
Adair	2,657	2,274	2,934	2,947	4,022	3,751
Craig	587	471	436	461	435	350
Delaware	1,785	1,633	2,173	1,731	1,822	2,155
McIntosh	1,140	936	1,200	1,287	1,384	1,348
Nowata	362	357	323	316	307	284
Okfuskee	1,018	814	960	812	1,011	929
Okmulgee	1,661	1,482	1,621	1,292	1,478	1,494
Pawnee	272	470	361	287	424	333
Washington	801	782	791	798	969	874
Total	10,293	9,219	10,799	9,931	11,852	11,518
Southeast:						
Carter	1,527	1,589	1,844	1,660	1,621	1,572
Coal	458	367	419	346	324	336
Haskell	599	492	579	446	440	460
Hughes	812	872	995	954	966	866
Johnston	528	443	553	686	732	732
Latimer	432	394	455	481	398	443
McCurtain	2,471	2,304	2,309	2,217	2,411	2,520
Pontotoc	1,410	1,340	1,441	1,097	1,389	1,533
Seminole	2,084	1,576	2,056	1,668	1,785	1,586
Total	10,321	9,377	10,651	9,555	10,066	10,048

Source: Oklahoma State Department of Education, *Annual Report*, FY 1981-86.

* U.S. Government Printing Office : 1988 - 201-625/80012